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Foreign Agriculture

MIATCO Extends Helping Hand To U.S. Exporters

Marketing News

USW Hosts Management/ Marketing Seminar In Philippines

Bakers in the Philippines had a chance to learn advanced bakery management and marketing techniques during a week-long seminar conducted last summer in Manila. The seminar, sponsored by **U.S. Wheat Associates (USW),** provided an opportunity for U.S. consultants to work with more than 150 Philippine bakers.

Dr. Darrell Brensing, vice president for education at the American Institute of Baking, and Ed Weller, a consultant on advertising, merchandising and sales promotion, conducted the 5-day seminar. The subjects were tailored to the needs of the Filipino baker and centered on how to improve efficiency and profitability. The seminar also covered approaches to inventory control, sanitation, personnel administration, selling techniques, product display and related considerations.

According to Ron Maas, USW vice president for East Asia, previous efforts by USW had centered on the technical aspects of running a bakery. Little attention was given to the aspects of management and marketing that this seminar focused on. The implementation of the ideas and suggestions presented at the seminar should lead to increased customer satisfaction and ultimately increased sales of U.S. wheat.

Wood Products Reports Available

"A Study of the Timber Market in Australia," a comprehensive market study of the third largest export market for U.S. lumber producers, has been published by the **Western Wood Products Association (WWPA).** The study, the first of its kind in 20 years, details lumber market trends and opportunities in Australia. Obtain copies by contacting Madeline Benner at (503) 224-3930.

Japan: The Markets For Lumber And Plywood, a 150-page report, has been published by the WWPA and the **American Plywood Association (APA).** The report covers such topics as the distribution system of lumber and plywood in Japan, market trends, forest resources and building standard law. Obtain copies of this report by contacting either Tom Fast at APA, P.O. Box 11700, 7011 South 19th Street, Tacoma, Wash. 98411 or Craig Larsen at WWPA, 1500 Yeon Building, Portland, Ore. 97204.

Consultants Promote Toilet Soap In China

The **National Renderers Association,** in cooperation with China's Ministry of Light Industry recently sent a team of marketing specialists to China to conduct a series of toilet soap seminars there. Chinese toilet soap manufacturers have a strong preference for tallow-based formulations and toilet soaps are most directly responsible for tallow imports in China. The seminars were attended by 105 soap factory managers and engineers in Shanghai, Wuhan and Beijing. The consultants provided assistance with marketing concepts, new product development and market research, improving product quality and advertising techniques. Proceedings from the seminars will be printed in soap industry journals.

USFGC Surveys Corn Use In the EC

A recent **U.S. Feed Grains Council (USFGC)** survey of the size of U.K. and European Community (EC) import markets for non-feed corn use indicated that 78-90 percent of the EC's corn imports are for non-feed uses. The imports have averaged nearly 8.5 million metric tons of corn annually for the last 3 years. While the United States supplies only 38 percent of EC corn imports, all the firms interviewed listed the United States as the world's most reliable supplier. They said price was the main reason for the small U.S. share and recommended that to improve sales, U.S. exporters should provide good and consistent quality corn at competitive prices.

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Features

MIATCO Extends Helping Hand to U.S. Exporters 4

In a wide-ranging interview with MIATCO, topics from trade shows to tracking the competition help exporters exploit opportunities and avoid mistakes.

U.S. Seeds Flourish in Overseas Markets 7

The U.S. seed industry posts a winning record because of teamwork among private, government and academic sectors.

U.S. Firms Can Benefit From Participating in Foreign Trade Shows 10

Overseas trade shows provide U.S. firms with an excellent opportunity for reaching new markets and testing new products.

U.S. Agricultural Trade Office To Open in Tokyo 18

The new ATO in Tokyo represents the fifth office in the Pacific Rim area, one of the world's fastest growing trade regions.

Guide Profiles Exporting of U.S. Wood Products 20

A new guidebook on exporting U.S. wood products can benefit both current exporters and firms considering exporting.

Departments

Marketing News 2

Fact File: A Glossary of Trade Policy Terms 12

Country Briefs 21

MIATCO Extends Helping Hand To U.S. Exporters

By Diane D. Miller

The Mid-America International Agri-Trade Council, called MIATCO, represents 12 Midwestern states that account for about 52 percent of the value of U.S. agricultural exports around the globe. This interview with Diane D. Miller shares some of the wisdom that MIATCO has picked up in the course of helping U.S. firms break into new markets abroad.

Q. Would you briefly describe what MIATCO is and how it operates?

A. MIATCO is an international marketing organization that coordinates the combined efforts of 12 Midwestern State Departments of Agriculture into a single tool to promote agricultural exports.

The member States are Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota and Wisconsin.

Founded in 1970, MIATCO was the first of the four regional organizations to contract with the Foreign Agricultural Service (FAS) to conduct joint market development activities.

MIATCO specializes in the export of processed, value-added foods and works closely with FAS and its worldwide market information and services network to bring together U.S. sellers and foreign buyers.

MIATCO serves as a tool for conducting export activities that have common interests to all member states. In this way, each state's marketing department has more time, money and energy to focus on particular state issues.

Q. What are some of MIATCO's major market development projects?

A. We are involved in several key projects, including a State Outreach Program, point-of-purchase activities in Asian markets and hosting Japanese buying teams at upcoming U.S. trade shows.

Knowing how to serve complicated foreign markets is all-important in increasing sales of value-added food products. Through the Outreach Program, we are conducting workshops to educate the states' marketing staffs who, in turn, can give better counsel to U.S. companies developing export marketing strategies.

For example, in certain Asian countries, we feel that there is only a limited awareness of U.S. value-added food products.

Therefore, we're designing point-of-purchase promotions to enlarge our market exposure in Hong Kong, Singapore and Malaysia. We also hope to make new food items available, thus increasing consumer awareness of food products of Mid-America companies.

In 1987, we will host Japanese buying teams coming to the Food and Agriculture Exposition in Seattle April 29-May 1 and the Food Marketing Institute show in Chicago during May 3-6. The third biennial show in Seattle is sponsored by FAS and the National Association of State Departments of Agriculture.

Q. What are some of the most common problems you encounter in promoting exports?

A. Problems we face are getting U.S. companies to commit the financial and managerial resources to develop

overseas markets and also keeping them informed of the challenge of trying to export food products.

Knowledge of the marketplace is critical for a firm wishing to export. A good example involved a U.S. company wanting to export marshmallows to Saudi Arabia. Because of Islam's dietary laws, Saudi Arabia does not import any product containing pork or its derivatives.

Investigation of the marshmallow ingredients showed the presence of bone marrow. Elaborate laboratory tests followed, revealing that some of the bone marrow source was swine. A simple product such as marshmallows made from pork marrow could never be exported to Saudi Arabia.

Another example concerned the Koreans' love of oxtails and short-rib cuts of meat. These cuts are very expensive in Korea, with consumers paying three to four times the U.S. price for the same cuts.

If U.S. meat processors were unaware of the Korean government's quotas and tariffs, they might mistakenly assume easy access to oxtail and short-rib markets. If they assumed that Koreans' meat tastes paralleled those of U.S. consumers, they might promote steaks and fillets in Korea as the major portion of their marketing strategy. This shows that exporting involves a complex matrix of interrelated factors. These are the type of problems we try to prevent.

We also try to get exporters to look for ways in which their products can fit into traditional eating patterns overseas.

For example, an Indiana meat company featured 100-percent natural bacon bits at food shows in Hong Kong and Singapore last year. The company knew that bacon bits are used over there in homes, restaurants and institutions for such fares as omelettes, quiches, casseroles and salad bars.

Because tourism is important in Hong Kong and Singapore, the company thought its product might be suitable for the Western-oriented hotel and restaurant trade.

By working with MIATCO and the Indiana State Department of Agriculture, the company learned that bacon bits also

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米国ミズリー州東京事務所

could be used on the Chinese rice porridge called congee, a breakfast food. Seasonings and flavoring are often added to congee to vary its taste.

When the company's bacon bits were sprinkled on congee, they created a new taste. By shifting its focus from just the hotel and restaurant trade to possibly the entire Chinese population, the company greatly magnified its sales potential.

Q. What can MIATCO do for firms that they cannot do for themselves?

A. We can do market research regarding culture, customs and tastes in specific countries that individual companies—especialy smaller ones—can't or don't do themselves.

MIATCO can arrange various types of product promotions in foreign countries.

For example, take point-of-purchase events and menu promotions. By incorporating the products of several companies into one promotion, more potential buyers can be attracted to the event than if one company tried to promote only its own product. The expense to each participating company is also less.

With small- and medium-sized companies and first-time exporters, we can help coordinate show activities, arrange the sharing of booth space to cut costs and advise on the "how-to's" of selling overseas.

For instance, at the ANUGA trade show in Germany last year, we rented one booth that was shared by three companies, none of which could have afforded the space alone.

These companies were able to concentrate on marketing their products rather than being bothered with the mechanics of arranging for the trade show.

Q. Speaking of trade shows, what kind of advice do you give prospective participants and exporters?

A. "Homework" is essential to exhibit success. Exporting companies should focus on these factors before going to a trade show overseas:

- Understand the audience you're trying to reach and serve;
- Research the export potential of your products;
- Track your competitors; and
- Introduce your company and its products to all the guests, particularly those who attended the previous year's show.

After a show, the most important task is the followup. Write thank you notes, follow through on commitments made, and keep communication channels and personal contacts open. Don't let them forget you.

An example of persistence paying off occurred when a small company first went to a New York food show to market wild rice. Some domestic sales were made.

The company's owner then went to the 1984 SIAL show in Paris to test the international possibilities. Because wild rice was an unknown product overseas, the immediate response was nil.

Had the owner accepted this response as final, she never would have become involved in exporting. As it turned out, a year later she made a sale based on the initial contact at SIAL and periodic followups.

The 1985 ANUGA show in Cologne also was successful for her, with more wild rice sales to new buyers. Now, the owner plans to continue to expand her export activities.

Q. How should U.S. exporters deal with the competition?

A. Develop an international attitude. By this, I mean you should realize the scope of the international marketplace and tune in to different eating habits, traditions and lifestyles. If you understand these factors better than your competitors, you will make more sales.

For example, look at the beef market in Singapore. Australian beef is closer and cheaper than that from the United States. However, U.S. beef is known for its higher quality. It's tenderer and juicier. To be successful in this market, U.S. exporters should gear their product—and pitch—toward the more expensive prime cuts of meat rather than toward ground beef and chuck steaks.

Also, you should always market your product with the competition in mind. The same product from two different companies can be confusing for the U.S. buyer, let alone the foreign consumer. Through labeling, advertising and so on, you make the overseas consumer aware of the advantages of your product, especially if it is more expensive than the competition.

Q. What advice do you have for U.S. companies interested in exporting?

A. Topping the list is: Be prepared and always think long-term commitments, not short-term.

Progress in exporting is slow and development of a market is heavily dependent upon nurturing long-term relationships within the trade.

Don't expect instant success. You may need to go to a trade show more than once just to learn the ropes and for foreign buyers to consider you seriously.

Evaluate all your resources. Can you handle the added complexities of the international marketplace? Plan well. Planning is even more important when exporting than when you're selling domestically.

Also, examine the flexibility of your company and its products. Are you able to make modifications if necessary to compete in a given market overseas?

Exporting is not easy. Companies with successful products on the U.S. market sometimes think they can just sweep into a market abroad. But many products must be revised and tailored for foreign customers and specific market niches. ■

The author is with the Mid-America International Agri-Trade Council, Evanston, Illinois. Tel. (312) 866-7300.

U.S. Seeds Flourish in Overseas Markets

Over the last decade, U.S. seed exports have tripled in value. Part of the reason for the success is that the U.S. seed industry is practically a textbook example of "comparative advantage," the term economists use to describe an industry's natural, unsubsidized edge over the competition.

Succeeding with U.S. Seeds

When it comes to seeds, developing new varieties depends on evaluating hundreds of experimental crosses each year. The greater the number made and evaluated, the greater the potential for developing a new hybrid or variety.

The large size of some of the major crops in the United States gives the U.S. seed industry an advantage in developing new strains. The enormity of these crops also encourages private investment in research and development.

These factors, combined with the natural diversity of climates and soils, make the United States a nation gifted in the ability to target breeding and develop thousands of different varieties and hybrids with specialized traits and areas of adaptation.

Sales Result From Teamwork

As a sign that the world recognizes the quality and production techniques of U.S. seeds, U.S. exports have soared upward for over a decade. Some of the credit belongs to the knowledgeable team of U.S. exporters who know the complicated business of negotiating sales, as well as packaging and shipping goods according to precise requirements.

The export team also gets a boost from the American Seed Trade Association (ASTA) which helps establish, maintain and expand markets for U.S. seeds. Working with the government and industry, ASTA furthers free trade interests and promotes the sales of U.S. seeds abroad.

ASTA accomplishes its goals through the international exchange of private and government seed representatives who support trading rules and regulations which augment rather than hinder trade. ASTA also arranges technical exchanges to increase scientific knowledge and demonstrate the adaptability and quality of U.S. seeds.

EC Tops Major Markets for U.S. Seeds In 1985/86

	$ million	Percent of total
EC-12	136.7	38
Mexico	48.6	13
Italy	48.9	13
France	35.2	10
Japan	32.8	9
Canada	23.0	6
Netherlands	16.9	5
Other	21.6	6
Total	363.7	

For example, up until recently Saudi Arabia was a very difficult market for U.S. seeds to penetrate because of trade barriers. However, the Saudis were very much in need of new seed varieties to achieve their goal of self-sufficiency in grain production.

ASTA, FAS and USDA's Animal and Plant Health Inspection Service worked together closely to help resolve the difficulty of meeting Saudi certification and plant health standards. The result? In 1984, the Saudis imported 102,000 metric tons of U.S. wheat seeds.

Trade barriers also are working against U.S. seed interests in Latin America. ASTA estimates that U.S. seed exports there would more than double the $91-million mark set last year if barriers were removed.

To help explain the preeminence of U.S. seeds and lessen resistance to seed imports in Latin America as well as other markets, ASTA has prepared a brochure, *Seeds of Success*, and translated it into Spanish, Portuguese, French, German, Italian and Japanese.

Business Climate Also Important

Teamwork in the U.S. seed industry involves other players as well. The very size and economic importance of U.S. agriculture helps ensure the necessary funding to keep the agricultural and horticultural education systems in front of the competition. As a result, the United

Why U.S. Seeds Are Booming

—A large diversity of climates and soils assures equally diverse crops, increasing the likelihood of U.S. seeds' adaptability to different climate and soil conditions worldwide.

—The U.S. economic system encourages private investment in research, development and production.

—The relationship between public and private education and research programs is sophisticated and cooperative.

—The extistence of various seed quality systems and procedures helps assure buyers of dependable supplies of quality seed.

—The multiplication of foreign-bred varieties is amplified by the ability to produce environments which are comparatively free of weeds and contamination of other crop seeds, diseases and insects.

—Broad experience in international seed marketing has helped develop the knowledge and ability to meet the legal, regulatory, packaging and shipping requirements of the world's diverse markets.

States has the thousands of skilled researchers necessary to support the breeding and production efforts of U.S. seed companies.

Research and development is facilitated further by the close cooperative relationship between private industry and public institutions like USDA and the land grant universities. The public sector generally concentrates on basic research while the private sector applies this information to improve product lines.

To help encourage private investment in seed development, patent-like protection is provided for new discoveries under the Plant Variety Protection Act. This act helps ensure that the people who do the work are the ones that reap the benefits, thereby making it profitable to continue their efforts.

Probing the Biotech Frontier

The most dramatic scientific work underway is in the area of biotechnology which promises major changes in the tools and capabilities of the seed industry.

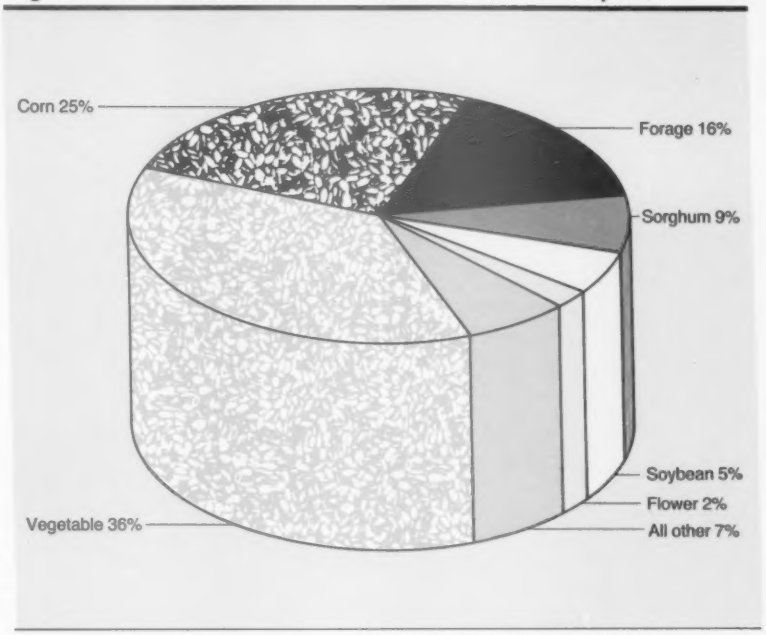
This field includes molecular biology or the study of plants at their most basic functional level; cytogenetics, which involves the study of cells, chromosomes and genetics; and tissue culture programs that focus on how to regenerate plants from a single cell of a plant.

While biotechnology is still in its infancy, research projects are already helping to develop crops that better resist drought, cold, diseases and insects. In another area, scientists are devising ways to move genes with desirable characteristics and then develop reliable methods for growing whole plants from single cells.

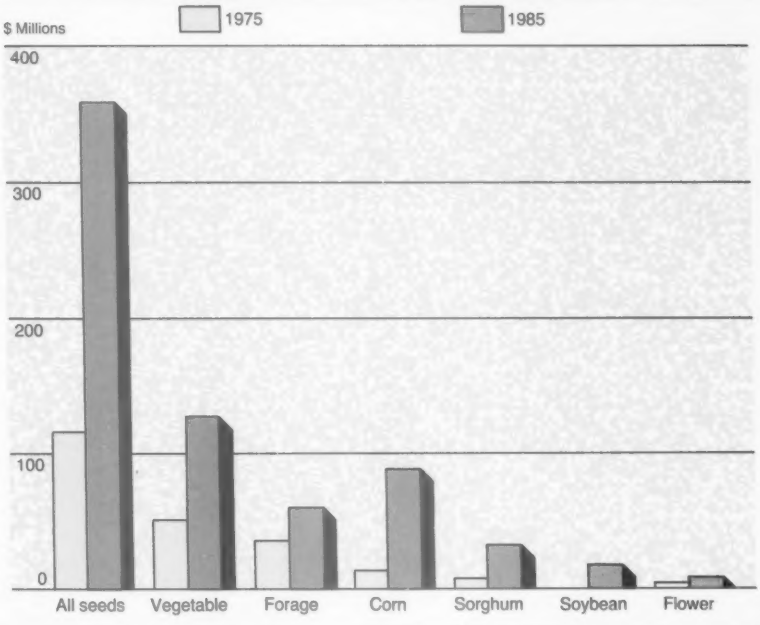
Research like this not only promises to help stem hunger around the world, it is helping to keep the U.S. seed industry in its premier position among the world's seed producers. ■

This article is adapted, with permission, from the American Seed Trade Association's brochure, Seeds of Success. Copies of the publication are available from the American Seed Trade Association, Inc., 1030 15th Street, N.W., Suite 964, Washington, D.C. 20005. Tel.: (202) 223-4080.

Vegetables and Corn Account for Over Half of U.S. Seed Exports



Value of U.S. Seed Exports Doubles During Last Decade



U.S. Firms Can Benefit From Participating in Foreign Trade Shows

By Robert F. Dallmeyer and Philip A. Letarte

Where can you make as many sales contacts in one hour as in 2 days in the field?

Where can you get on-the-spot market reaction that might take months of time and thousands of dollars to research with market surveys?

Where can you discover new products and processes both easily and thoroughly?

Trade show are the answer to all three questions. They represent one of the most cost-effective ways for U.S. firms to find new markets, increase overseas sales and find foreign distributors—all at the same time.

Cost Effective for All Participants

Because the buyer comes to the seller, foreign trade shows are more cost effective relative to other approaches. Research has shown that, on the average, a company can make more sales contacts in one hour at a show than during 2 days in the field. Because of this, many overseas firms earmark up to 50 percent of their marketing budgets for trade shows.

Opportunities for More Than Sales

International expositions offer valuable opportunities for a broad range of activities. They are ideal for introducing new products and for taking existing products to new markets. Also, because of differing cultural factors in many of the countries represented at international shows, there are usually new product applications to discover.

And there is always the possibility of finding new prospects that even the most sophisticated market research cannot identify. New companies or new marketing directions for established companies frequently surface at trade shows.

International shows also provide ideal opportunities to meet and hire foreign dealers, distributors and representatives.

Finding the Appropriate Show

A number of organizations can help U.S. firms identify international shows which may be appropriate for them. These include:

—USDA's Foreign Agricultural Service (FAS) coordinates U.S. participation at about six shows each year. FAS charges a flat rate which covers shipping, exhibit space, facilities and trade relations services. Exhibitors provide the product and full-time representation at the exhibit.

FAS offers space in the national pavilions at the major trade-only food and beverage expositions throughout the world.

—State Departments of Agriculture frequently have international divisions in their agricultural departments. These offices recruit U.S. firms for USDA-sponsored stands, organize export sales teams and help commercial companies get into the export business or expand existing export efforts.

One example of this is the program conducted by the Southern United States Trade Association. Besides offering booth space for firms in its region at international shows in Europe, the Middle East and the

Far East, the Association organized "A Taste of Dixie" food promotion at Harrods of London in 1986. Over 40 firms participated in this activity.

—Trade associations conduct and participate in international events and trade shows for their member companies. In addition, they assist members with participation in foreign trade shows organized by others. Some also provide market research and guidance in opening up global markets.

The U.S. Meat Export Federation is one of the many trade associations which offer overseas promotional services to their members. Last year the Federation was active in Europe, the Middle East and the Far East, participating in trade shows, making contacts with key buyers and organizing special seminars, menu promotions and promotional events.

Benefits of National Pavilions

Many state and federal agencies and trade associations offer booth space in U.S. national pavilions, at a substantial savings to exhibitors who may not have the marketing budgets for their own exhibits. Benefits include lower shipping and customs clearance costs, a public relations program for participating firms and the advantages of being part of a large, sophisticated exhibit that easily attracts potential customers. ■

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This article is adapted, with permission, from a publication from The Trade Show Bureau.

Fact File

A Glossary of Trade Policy Terms

Over the next few years the United States, as one of the 92 members of the General Agreement on Tariffs and Trade (GATT), will participate in the eighth round of Multilateral Trade Negotiations (MTN), launched this autumn in Punta del Este, Uruguay. For the use of our readers, *Foreign Agriculture* is publishing a glossary of trade policy terms that may be useful in following the progress of these negotiations.

Antidumping Code

A code of conduct negotiated under the auspices of GATT during the Kennedy and Tokyo Rounds of the MTN that established both substantive and procedural standards for national antidumping proceedings. The Tariff Act of 1930, as amended, provides U.S. antidumping legislation consistent with the MTN antidumping code. Antidumping duties are imposed on on imported merchandise to offset the amount by which the merchandise is found to have been sold in the United States at "less than fair value," provided, however that those sales have caused or are likely to cause material injury to, or materially retard the establishment of, a U.S. industry.

Binding

A commitment (usually negotiated) made by a government that it will not impose a tariff rate higher than the rate agreed upon in a trade agreement.

Border Tax Adjustments

The remission of taxes on exported goods, including sales taxes and value-added taxes, designed to ensure that national tax systems do not impede exports. The GATT permits such frontier adjustments for indirect taxes on the condition that these are passed on to consumers, but not for direct taxes (for example, income taxes assessed on producing firms). The U.S. government makes little use of border tax adjustments, since it relies more heavily on income (or direct) taxes than do most other governments.

Bound Rates

Most-favored-nation tariff rates resulting from GATT negotiations and thereafter incorporated in a country's schedule of concessions. A bound rate higher than the existing rate is a "ceiling" binding. If a GATT contracting party raises a tariff to a higher level than its bound rate, the beneficiaries of the binding have a right under the GATT to withdraw equivalent concessions or to receive compensation, usually in the form of reduced tariffs on other products they export to the offending country.

Code of Conduct

A trade agreement that specifies acceptable standards for implementing national trade legislation and cooperating with other governments on trade matters. In the Tokyo Round of the MTN, several codes of conduct were negotiated to "harmonize" the use of nontariff trade measures. GATT Articles III through XXI contain commercial policy provisions that have sometimes have been described as GATT's code of good conduct in trade matters.

Common Agricultural Policy (CAP)

The agricultural price support program and related policies of the European Community (EC). The CAP replaces national agricultural programs with a unified effort to promote regional agricultural development, increase agricultural productivity, and support farm income. Two of the principal elements of the CAP are: 1) the variable levy—an import charge amounting roughly to the difference between EC target prices for farm products and the lowest available market prices of imported agricultural commodities, and 2) export subsidies—which are used to promote exports of farm goods that cannot be sold within the EC at the target prices.

Common External Tariff

The tariff rate applied to imports from countries which are not members of a specific customs union.

Comparative Advantage

The concept of "comparative advantage" was first propounded by David Ricardo in 1817: A country or a region has a "comparative advantage" in the production of those goods it can produce relatively more efficiently than other goods. (The concept is often erroneously applied to any situation where one country has lower production costs than another.) The theory holds that regardless of the general level of a country's productivity or labor costs relative to those of other countries, that country should export those goods in which it has the greatest comparative advantage and import those goods in which it has the greatest comparative disadvantage. The country that has few economic strengths will still find it advantageous to devote its productive energies to those lines in which its disadvantage is least marked, provided the opportunity to trade with other areas is open to it.

Compensation

The principle that any country which raises a tariff above its "bound rate" or withdraws a binding on a tariff or otherwise impairs a trade concession, must lower other tariffs or make other trade concessions to "compensate" countries whose exports are affected. The GATT provides that any country that believes its trade interests have been adversely affected by changes in the import regime of another country may request consultations with the offending country. If such government-to-government consultations do not yield results satisfactory to the concerned parties, the complaining country may seek the establishment of an advisory panel which under the supervision of GATT will review the facts and recommend compensation or other appropriate action.

Concessions

In GATT trade negotiations, those reductions a country offers to make in its own tariff and nontariff import barriers to induce other countries to make reductions in barriers to its exports.

Contracting Party

A country that has signed the General Agreement on Tariffs and Trade and has accepted its specified obligations and benefits.

Counterfeit Code

An agreement to prevent violation of intellectual property rights (examples are patents, copyrights and trademarks).

Countervailing Duties (CVD)

Additional levies imposed on imported goods by the importing country to offset government subsidies benefiting those goods in the exporting country. GATT Article VI permits the use of such duties. The Executive Branch of the U.S. government has been legally empowered since the 1890's to impose countervailing duties in amounts equal to any "bounties" or "grants" reflected in products imported into the United States. Under U.S. law and the Tokyo Round Agreement on Subsidies and Countervailing duties, a wide range of practices are recognized as constituting subsidies that may be offset through the imposition of countervailing duties. In all cases involving subsidized products from countries recognized by the United States as signatories to the Agreement on Subsidies and Countervailing Duties, or countries which have assumed obligations substantially equivalent to those under the subsidies agreement, U.S. law states that countervailing duties can only be imposed after the U.S. International Trade Commission has determined that the imports are causing or threatening to cause material injury to a U.S. industry.

Customs Union

A group of nations that have eliminated trade barriers among themselves and have imposed a common tariff on all goods imported from all other countries. The European Community is a customs union.

Dispute Settlement

Procedures set out in the GATT for legal redress in cases of violation, nullification or impairment of trade benefits. GATT Article XXII obligates contracting parties to consult on GATT matters whenever any other member so requests. This provision gives members an opportunity to negotiate solutions to trade problems through consultations. If the dispute involves the nullification or impairment of specific GATT commitments, the parties to the dispute may invoke Article XXIII. The procedurees under Article XXIII also provide an opportunity for bilateral consultations, as well as intervention by other GATT members (through the GATT Council), which usually establish a panel of experts to study the matter. Such procedures can culminate in recommendations from the contracting parties on how to solve a dispute.

Dumping

The sale of a commodity in a foreign market at "less than fair value." Fair value is usually considered to be the price at which the same product is sold in the exporting country or to third countries, but can also be the cost of production of the merchandise in question. Dumping can disrupt markets and injure producers of competitive products in the importing country. When this happens, Article VI of GATT permits the imposition of special antidumping duties equal to the difference between the price sought in the importing country and the "normal value" of the product in the exporting country. Dumping is generally recognized as an unfair trade practice.

Escape Clause

Any one of successive provisions of U.S. trade law designed to provide relief to domestic producers injured by increased import competition. Section 201 of the Trade Act of 1974 requires the U.S. International Trade Commission to investigate complaints filed by domestic industries or workers claiming that they are damaged or threatened by rapidly rising imports. Section 203 of the Act provides that if the ensuing investigation establishes that the complaint is valid, the Commission may recommend relief in the form of adjustment assistance, which can take the form of training, technical and financial assistance, or may recommend temporary import restrictions in the form of tariffs, quotas, tariff rate quotas and/or orderly marketing agreements. Import restrictions imposed under the escape clause authority usually last no longer than 5 years but can be extended by the President for 3 years. The purpose of escape clause actions is to give hard-pressed industries time to adjust to new competition. However, the President may decide not to grant relief if, for example, relief would cause greater injury to firms dependent on the imports in question. Congress can, by majority vote of both houses within 90 legislative days, override a presidential decision not to implement the Commission's recommendations.

European Community (EC)

The regional organization created in 1967 when, under a "treaty of fusion," the European Economic Community's institutions merged with those of the European Coal and Steel Community and Euratom. The European Economic Community was created by the 1957 Treaty of Rome, which established a customs union and looked toward other forms of economic and political cooperation. The treaty provided for the gradual elimination of customs duties and other intra-regional trade barriers, a common external tariff against other countries and gradual adoption of other integrating measures, including a Common Agricultural Policy (CAP) and guarantees of free movement of labor and capital.

The EC has two policymaking bodies: the Council of Ministers—the highest policymaking body—that meets twice a year, and a 13-member Commission that meets year-round and directs an executive bureaucracy in Brussels. The countries that originally comprised the EEC in 1957 were France, the Federal Republic of Germany, Italy, the Netherlands, Belgium, and Luxembourg. The United Kingdom, Denmark, and Ireland joined the EC in 1973. Greece joined in 1981. Spain and Portugal joined in 1986. Turkey's association agreement with the EC calls for its eventual membership.

Export Quotas

Specific restrictions or target objectives on the value or volume of exports of specified goods imposed by the government of the exporting country. Such restraints may be intended to protect domestic producers and consumers from temporary shortages of certain materials, or as a means to moderate world prices of specified commodities. Commodity agreements sometimes contain explicit provisions to indicate when export quotas should go into effect among producers. Export quotas are also used in connection with orderly marketing agreements and voluntary restraint agreements.

Export Subsidies

Generally, direct government payments or other forms of economic assistance that benefit goods that are sold in foreign markets. The GATT recognizes that "export subsidies" may distort trade, unduly disturb normal commercial interests and hinder the achievement of GATT objectives. However, the GATT does not clearly define what practices constitute export subsidies. The United States is seeking, as a major objective in the Uruguay Round, to strengthen existing GATT rules on export subsidies and establish an international mechanism for dealing with subsidy problems.

Fair Value

The reference against which U.S. purchase prices of imported merchandise are compared during an antidumping investigation. It is generally expressed as the weighted average of the exporter's home market prices or prices to third countries during the period of investigation. However, it may be a constructed value if there are no, or virtually no, home market or third country sales, or if the number of such sales made at prices above the cost of production is so few that they provide an inadequate basis for comparison.

General Agreement on Tariffs and Trade (GATT)

The GATT is a trade agreement subscribed to by 92 governments which together account for more than four-fifths of world trade. The primary objective of the GATT is to contribute to global economic growth and development by reducing and binding tariffs, removing trade barriers and delineating rules for international trade.

	The designation "GATT" also refers to the organization headquartered in Geneva through which that Agreement is carried out. The organization provides a framework within which international trade negotiations are conducted and trade disputes resolved. Decisions in the GATT are made by an annual meeting—the General Session—of the contracting parties, and in the interim by the GATT Council, which today also comprises all the contracting parties meeting approximately monthly.
Government Procurement Policies and Practices	As a nontariff barrier to trade, the term refers to the discriminatory purchase by official government agencies of goods and services from domestic suppliers, despite their higher prices or inferior quality as compared with competitive goods that could be imported. By law or practice, many countries require their government agencies to buy domestic goods, even when imported goods are better and cheaper. The Government Procurement Code which was negotiated during the Tokyo Round provides for uniform national treatment and nondiscrimination in purchases by government entities. The code took effect Jan. 1, 1981.
Grandfather Clause	The "Protocol of Provisional Application" by which the original GATT members implemented the agreement allows them not to apply general GATT obligations to domestic legislation which is inconsistent with GATT provisions but which existed before the GATT was signed. Newer members may also "grandfather" domestic legislation if that is agreed in negotiating the terms of their accession.
Import Quota	A limit on the quantity (or rarely, the value) of goods that may be imported. The quota may be allocated by country of origin, and imports within a quota may be further controlled by the issue of licenses to individual importers. Import quotas generally are prohibited by the GATT. The United States obtained a waiver from the GATT to apply import quotas to protect its farm programs.
Intellectual Property Rights	Examples are patents, copyrights and trademarks.
Liberal	When referring to trade policy, relatively free from controls or restraints.
Liberalization	Removal of policies and practices that restrict trade.
Licensing	As defined by the Tokyo Round agreement on import licensing procedures (licensing code), licensing is the practice of requiring the submission of an application or other documentation (other than that required for customs purposes) to the relevant administrative body for approval as a prior condition for imports.
Market Access	Availability of a national market to exporting countries, reflecting a government's willingness to permit imports to compete relatively unimpeded with similar domestically produced goods.
Ministerial	Decided or carried out by cabinet officers, such as the Secretary of State, the Secretary of Agriculture or the U.S. Trade Representative. In other countries such offices usually carry the title of Minister of Foreign Affairs, Minister of Agriculture, Minister of Trade and so forth.
Most-Favored-Nation Treatment (MFN)	A commitment that a country will extend to another country the lowest tariff rates or the most favorable nontariff policies it applies to any third country. All GATT contracting parties undertake to apply such treatment to one another.
Multilateral Trade Negotiations (MTN)	A descriptive term which could be applied to any of the eight round of negotiations held under the auspices of the GATT since 1947. Seven rounds have been completed thus far—at Geneva in 1947-48; Annecy, France, in 1949; Torquay, England, in 1950-51; Geneva in 1956; Geneva in 1960-61 (the Dillon Round); Geneva in 1963-67 (the Kennedy Round); and Geneva in 1973-79 (the "Tokyo Round" because it formally began in Tokyo in 1973). The eighth round (the Uruguay Round) was launched in Punta del Este, Uruguay in September 1986.

Multilateral Agreement	An international compact in which three or more parties participate. Since its establishment in 1947, the GATT has been used to promote multilateral approaches to international trade in 1947, the GATT has been used to promote multilateral approaches to international trade policy, in place of bilateral approahces. "Multilateral" is sometimes distinguished from "plurilateral" in order to imply involvement of all major GATT members instead of only a few of them.
Natural-Resource-Based Products	Minerals, forest products, fish, coal, oil and gas.
Non-Market Economy	An economic system in which economic activity is regulated by central planning, as opposed to market forces such as supply and demand. Economic factors—such as production targets, prices, investment allocations, inputs and most other aspects of economic decisionmaking—are executed in accordance with a national economic plan drawn up by a central planning authority. Characteristic of the economic systems of the Soviet Union and most other communist countries.
Non-Tariff Barriers (NTB's)	Import quotas, variable levies and other non-tariff policies designed to restrict or prevent the international exchange of goods. These are government measures or policies other than tariffs that impede or distort the flow of international commerce.
Panel of Experts	To help settle a dispute, the GATT Council usually establishes an ad hoc group of three to five persons who serve in their individual capacity, acting not as representatives of nations but as experts or objective judges of the applicability of GATT rules.
Preferences	Special trading advantages extended by importing countries to selected trading partners, usually by admitting goods at tariff rates below those imposed on goods of competing exporters or by exempting the favored countries from certain nontariff barriers.
Primary Commodities	Defined by the GATT as "any product of farm, forest, or fishery, or any mineral, in its natural form or which has undergone such processing as is customarily required to prepare it for marketing in substantial volume in international trade." The GATT prohibits export subsidies on "nonprimary products."
Principal Supplier	The country that is the most important source of a particular product imported by another country. In negotiations conducted under GATT, a country offering to reduce import duties or other barirers on a particular item generally expects the principal supplier of that item to offer, in exchange, to reduce its restrictions on another item. Both countries then automatically grant the same concessions to all other countries to which they have agreed to accord most-favored-nation treatment, including all contracting parties to GATT.
Protection	Government measures—including both tariff and nontariff measures—that raise the cost of imported goods or otherwise restrict their entry and thus strengthen the competitive position of domestic goods compared to foreign products.
Protectionism	The deliberate use or encouragement of restrictions on imports to enable relatively inefficient domestic producers to compete successfully with foreign producers.
Protocol of Provisional Accession (PPA)	An agreement that enabled the original GATT contracting parties to accept general obligations and benefits, despite the fact that some of their existing domestic legislation at that time discriminated against imports in a manner that was inconsistent with certain GATT provisions. Although the protocol was intended to be "temporary," it has remained in effect; and countries that signed ifn 1947 continue to invoke it to defend certain practices that are otherwise inconsistent with their GATT obligations. Countries that acceded to the GATT after 1947 do not have recourse to the protocol, but may have negotiated similar benefits as a condition to their acceptance of the GATT.
Quantitative Restrictions (QR's)	Explicit limits, usually by volume, on the amount of a specified commodity that may be imported into the country and administered by import quotas or licensing.

Quarantine, Sanitary, and Health Laws and Regulations	Government measures to protect human, plant and animal health, such as restricting the use of potentially injurious preservatives and other additives in food products or denying entry of plants or animals from countries where specific diseases are present. Differences in climate, technology and culture make it difficult to reach international agreement on definitions and regulations in this area. Consequently, legitimate sanitary requirements may cause difficulties for exporters and may appear to be protectionist in countries that are less strict. In some cases, measures imposed ostensibly for health reasons may actually be designed to restrict foreign competition.
Reciprocity	A traditional principle of GATT trade negotiations that implies an approximate equality of concessions accorded and trade benefits received among or between participants in a negotiation. Because of the frequently wide disparity in their economic capacities and potential, developed countries usually seek less than full reciprocity from developing countries in trade negotiations.
Restitutions	A term used by the European Community to describe export subsidies on agricultural products. The EC distinguishes between "subventions" (subsidies given without regard to market prices) and "restitutions" (subsidies calculated to offset the difference between EC prices and world prices).
Safeguards	Temporary import controls or other trade restrictions to prevent commercial injury to domestic industry (especially, in the United States, actions taken under Section 201 of the Trade Act of 1974). Article XIX of the GATT permits a country whose domestic industries or workers are adversely affected by increased imports to withdraw or modify concessions the country had earlier granted, to impose new import restrictions if it can establish that a product is "being imported in such increased quantities as to cause or threaten serious injury to domestic producers," and to keep such restrictions in effect "for such time as may be necessary to prevent or remedy such injury." Safeguard actions may not be taken, however, without the agreement of the other countries affected. Such agreement is likely to include temporary new concessions to compensate for the benefits withdrawn. "Safeguard actions" are synonymous with "escape clause actions."
Sanitary and Phytosanitary Regulations	Regulations governing food, plant and animal health and protection of the consumer and the environment.
Services	Examples are transportation, insurance, banking, engineering and communications. During the Uruguay Round negotiations the aim is to establish such principles as most-favored-nation treatment and the right of foreign firms to establish a business on conditions comparable to domestic firms.
Special and Differential Treatment	The principle, first enunciated in the Tokyo Round, that trade negotiations should accord greater benefits to the exports of developing countries.,
Standards	More generally, this is a short term for referring to a wide variety of technical barriers to trade, ranging from product standards *per se* to food, plant and animal health regulations. As defined by the Tokyo Round Agreement on Technical Barriers to Trade (the Standards Code), a standard is a technical specification contained in a document that lays down characteristics of a product such as levels of quality, performance, safety or dimensions. It may include, or deal exclusively with, terminology, symbols, testing and test methods, packaging, marking or labeling requirements as they apply to a product.
State Trading	The practice of conducting trade exclusively through a government agency. Nonmarket economy countries follow this practice for all products, but many countries, especially developing countries, use state trading for commodities of critical economic importance, like grains.

Subsidies Code	Informal name of a Tokyo Round agreement elaborating GATT rules on subsidies and countervailing duties. The Subsidies Code expanded the prohibition of export subsidies on nonprimary products and said that export subsidies on primary products should not result in displacing other exporters from the market or undercutting their prices. The United States further agreed not to apply countervailing duties to imports from subsidizing countries who signed the code, without a prior finding of injury to U.S. producers.
Tariff	A customs duty or tax on imports; the rate at which imported goods are taxed. The term "tariff" usually refers to a list or "schedule" of articles of merchandise with the rate of duty to be paid to the government for their import.
Tariff Escalation	A situation in which tariffs on manufactured goods are relatively high, tariffs on semiprocessed goods are moderate, and tariffs on raw materials are nonexistent or very low. Such "escalation," which exists in the tariff schedules of most developed countries, is said to discourage the development of manufacturing industries in developing countries.
Tariff Quotas	Application of a higher tariff rate to imported goods after a specified quantity of the item has entered the country at the usual tariff rate during a specified period. Tariff quotas do not limit the quantity of goods that may be imported.
Tropical Products	Products exported by developing countries. The Uruguay Round Declaration provides that tropical products will receive special attention in the negotiations, but the terms are not otherwise defined.
Unfair Trade Practices	Unusual government support to firms—such as export subsidies—or certain anti-competitive practices by firms themselves—such as dumping, boycotts or discriminatory shipping arrangements—that result in competitive advantages for the benefitting firms in international trade. Under section 301 of the Trade Agreement Act of 1974, as amended, the President is required to take all appropriate action, including retaliation, to obtain the removal of any act, policy or practice of a foreign government which violates an international agreement or is unjustifiable, unreasonable or discriminatory, and burdens or restricts U.S. commerce.
Unilateral	An action taken by a country acting singly and not dependent on, or conditional on, any action by another country.
Valuation	The process of appraising the value of imported goods on which duties are assessed, according to the tariff schedule of the importing country. As a result of the Tokyo Round, many countries, including the United States, use a method of valuation, as prescribed by the Customs Valuation Code, which is primarily based on transaction value. "Transaction value" is the price actually paid or payable for the imported goods, with additions for costs, charges and expenses incurred with respect to imported goods which are not reflected in the price.
Value Added Tax (VAT)	An indirect tax assessed on the increase in value of goods from the raw material stage through the production process to final consumption. The tax to each processor or merchant is levied on the amount by which he or she has increased the value of items that were purchased by him or purchased by him for resale. This system is used in the European Community.
Variable Levy	An import charge subject to alterations as world market prices change, the alterations being designed to assure that the import price after payment of the charge will equal a predetermined domestic price. Variable levies are usually used in Europe to protect agricultural procedures.
Voluntary Restraint Agreements (VRA's)	Informal bilateral or multilateral agreements in which exporting countries voluntarily limit exports of certain products to a particular country in order to avoid the imposition of import restrictions.
Working Party	A committee or "working party" of representatives of interested GATT contracting parties which deals with special issues, normally other than dispute settlement. Upon completion of their studies, working parties report back to the GATT Council and may make recommendations on a course of action.

U.S. Agricultural Trade Office To Open in Tokyo

By Suzanne Haie

The U.S. Department of Agriculture's newest agricultural trade office is scheduled to open this fall in Tokyo, bringing the number of agricultural trade offices worldwide to 15.

Situated in the major markets of South America, Europe, Africa, Asia and the Middle East, agricultural trade offices help U.S. exporters compete by supplying up-to-the-minute information on potential customers and promotional opportunities.

Many of the offices house representatives of the nonprofit U.S. market development cooperators that work with USDA's Foreign Agricultural Service (FAS) to develop new international markets.

U.S. exporters or representatives of trade associations, export cooperatives or state departments of agriculture use these trade offices as home bases while overseas. Desks, telephones and secretarial support are available to U.S. exporters servicing an established market or attempting to open a new one.

Agricultural trade offices get involved in a number of different marketing activities, including small product displays, large exhibitions at full scale trade shows, food tastings and seminars to familiarize foreign customers with U.S. commodities.

Why an Office in Tokyo?

The new facility in Tokyo represents the fifth office in the Pacific Rim area[1], one of the world's largest and fastest growing trade regions. Together, the countries of the Pacific Rim import roughly $42-44 billion in agricultural commodities, almost one-fifth of world agricultural trade.

To the United States, Japan is one of the most critical markets on the Pacific Rim. Japan is the third largest economy in the world and the most economically advanced in the Far East. Real economic growth rose at an annual rate of between 9 percent from 1953 to 1973 and at about 5 percent annually since that time.

With less than one-sixth of its land arable, Japan cannot aspire to self-sufficiency in most areas of agricultural production.

Moreover, the traditional Japanese diet—consisting mainly of rice, fish and vegetable proteins—has gradually changed to include a wider variety of foods.

Last year the Japanese imported roughly one-fifth of all U.S. farm exports with purchases valued at $5.7 billion. That made Japan the biggest single-country market for U.S. agricultural goods for more than 20 years in a row.

In a vibrant market like Japan, a trade office in Tokyo was a logical choice.

What's the New Office Like?

The site of the new facility is the Tameike Tokyu Building. It is within easy walking distance of three major subway lines, most Japanese government offices, three of Tokyo's best hotels and the U.S. Embassy. Being situated on a main street will make it easy for both U.S. and Japanese visitors to find.

The offices have been designed with an eye to demonstrating the use of U.S. wood products in paneling and other furnishings.

The office will occupy 11,800 square feet on the sixth and seventh floors. The sixth floor will include the offices of three non-profit trade associations that cooperate with FAS on market development projects in Japan—the U.S. Meat Export Federation, the U.S. Feed Grains Council and the USA Poultry and Egg Export Council.

Also on that floor are a conference room, work space for two visiting groups, rooms for office and communications equipment and a small kitchen. These facilities will be shared by the cooperators and also used occasionally by the FAS staff.

The office of the National Forest Products Association is on the seventh floor, along with FAS' offices, a seminar room and a small library. The Tokyo office of U.S. Wheat Associates is located on the eighth floor.

Each trade association office uses an open floor plan to assure maximum flexibility. The facilities also provide individual private offices for association directors, as well as small reception areas and storage space.

Large Seminar Room Includes Demonstration Kitchen

The trade office's seminar room will be used by the trade associations, state government representatives, U.S. exporters and Japanese importers for programs targeted at trade and press contacts.

Situated on the seventh floor, the seminar room holds over 50 people for classes and receptions. A folding wall divides the room in two when necessary.

A second folding wall opens the seminar room into a demonstration kitchen. With this wall closed, the kitchen can be used for food service at receptions and product tastings.

Office Is an Example of Teamwork

Many U.S. manufacturers helped to make the trade office in Tokyo a showcase for U.S. manufactured goods and furnishings as well as for U.S. farm and forest products.

Private U.S. industry and market development cooperators donated such things as kitchen appliances, a sink, counter tops, carpeting, wooden cabinets, doors and a 40-volume set of American cookbooks for the library.

Applications to use the new office are available from the Foreign Agricultural Service, Processed Foods Division, Room 4944-S, Washington, D.C. 20250. Tel. (202) 447-7031.

Applications also are available from the Agricultural Affairs Office of the U.S. Embassy in Tokyo. Completed forms should be sent to: Agricultural Trade Office, U.S. Embassy, Box 226, APO San Francisco 96503. ■

The author is the U.S. agricultural trade officer in Tokyo.

[1]Australia, China, Hong Kong, Indonesia, Japan, South Korea, Malaysia, New Zealand, the Philippines, Singapore, Taiwan and Thailand.

Guide Profiles Exports Of U.S. Wood Products

The advantages of exporting wood products are many, including new marketing and financial opportunities, diversification of risk and increased financial leverage and credit, according to "A Guide To Exporting Solid Wood Products," available from the Foreign Agricultural Service's Forest Products Division.

Before making the decision to export, a firm needs to consider its short- and long-term corporate objectives, the resources available, the level of international business expertise required and the commitment to servicing the export market.

Need To Focus on the Long-Term

The U.S. forest products industry has traditionally not considered the international market to be a regular outlet for its products. However, the recession in the United States during 1981-82 forced many companies to change their strategy. Faced with layoffs, closures and reduced work schedules, companies began to consider the export market as a long-term market for U.S. wood products.

The decision to enter the export market requires the producer to commit sufficient managerial, economic and financial resources to the task. Each company must weigh the advantages and disadvantages of exporting to determine if projected profits, possible losses and inherent risks justify management's commitment to exporting.

The guidebook was prepared to assist U.S. wood products producers in developing a successful export marketing strategy. It covers how to obtain accurate and up-to-date export market information so that the production, scheduling and shipping of U.S. wood products can be done profitably.

Major topics covered in the guide include trade servicing, supply considerations, a review of the major U.S. wood products markets, sources of export market information, contacting foreign importers, export financing, shipping documentation, product pricing and the business organization of an export-oriented company.

A flow chart is included which provides an outline of the major activities associated with exporting and export marketing. It outlines many of the topics covered in this guide to exporting wood products.

Demand for Wood Products Up

Over the next 16 years, world demand for wood products is projected to rise rapidly. According to National Forest Products Association projections, exports of wood products worldwide may increase from 210 million cubic meters in 1980 to 246 million cubic meters in 1990, and to 288 million cubic meters by the year 2000. U.S. exporters are in an excellent position to capitalize on this growth in demand and to boost their wood products exports significantly. ■

Country Briefs

Singapore

Supply Problems May Bring U.S. Opportunities

Concerns about the possibility of shipping strikes in Australia may open up market opportunities for U.S. exporters in Singapore. In view of the fact that Singapore must import nearly all of its food requirements, recent shipping strikes in Australia have Singaporean importers worried that food supplies may be disrupted. The Australian government announced plans to protect all shipments of agricultural products and reassured buyers that the 6-month-old air charter arrangement, intended to collect produce from outlying farms and have it delivered overseas, was now working smoothly. Even though major trade disruptions were avoided, Singaporean food suppliers are concerned that the possibility exists for future strikes. They fear that the new Australian budget may prove to be unpopular and unacceptable to many Australian workers resulting in additional strikes and major disruptions.

U.S. exporters may have excellent opportunities to capitalize on the recent problems. Singapore traders are increasingly looking to the United States as a source of supply and are willing to pay higher prices to get quality U.S. goods. Furthermore, opportunities may not be limited to Singapore. Traders in east Malaysia and Papua New Guinea are very interested in U.S. value-added and high-value products and have expressed similar concerns regarding Australia's reliability as a supplier. *—Peter Kurz, U.S. Agricultural Trade Officer, Singapore.*

Japan

U.S. Exports of Cherries, Grapes Hit Record Highs

Boosted by the weaker dollar and lower prices in the United States, exports of both U.S. fresh cherries and table grapes to Japan hit record-high levels during the past 12 months. U.S. sweet cherry exports to Japan during the 1986 shipping season totaled 448,000 cartons. This was the highest shipment level since U.S. fresh cherry exports to Japan began in 1978 and was more than double the 188,000 cartons imported during the previous season.

Trade sources cited several reasons for the record imports, including excellent fruit quality, very attractive prices to importers and consumers and effective marketing promotion activities carried out by the U.S. industry. U.S. cherries were reportedly sold in some remote areas of Japan where even domestic cherries were not marketed. Apparently this season the U.S. cherry business was very profitable for all those who handled the product in Japan, including importers, wholesalers and retailers.

Exports of U.S. fresh table grapes to Japan also showed a tremendous increase for the 1985/86 season. U.S. shipments in the first quarter of 1986 were more than triple the same period of the previous year.

Canada had been shipping a small quantity of sweet cherries to Japan in previous years, but this year there were no Canadian exports due to a poor crop. New Zealand recently became eligible to export cherries as a result of an amendment to the Japanese plant quarantine regulations. However, actual exports amounted to only about 2,875 cartons. Since the New Zealand shipping season coincides with the peak marketing season for Japanese oranges and apples, it is not anticipated that imports of New Zealand cherries will grow notably in coming years. *—Bryant Wadsworth, U.S. Agricultural Counselor, Tokyo.*

Dominican Republic

Good Potential for U.S. Grain Sales

The Dominican Republic's corn production this marketing year will continue to fall short of domestic requirements because of inadequate irrigated land, credit facilities and equipment. Corn imports for 1985/86 are expected to reach 185,000 tons, all from the United States. Commercial imports for 1986/87 are expected to reach 210,000 tons.

The relatively large size of the feed industry, which absorbs about 90 percent of all corn consumed in the Dominican Republic, is responsible for the increased demand for corn. Corn is imported by two large feed manufacturers which use both domestic and imported corn in their integrated poultry and swine operations. There are also poultry firms which mix their own feed and some small feed manufacturers which supply small- and medium-sized poultry and swine operations. Commercial feed production is estimated at over 380,000 tons a year. Total corn consumption in 1986/87 was expected to reach 390,000 tons, up 5 percent from the year before.

The country is facing balance of payments problems and foreign currency deficits. Therefore, one of the major factors affecting trade is the availability of credit and foreign exchange. The United States has been the traditional supplier of imported corn and is expected to continue in that role. Although the government is encouraging local corn production, using price supports to increase output, local production will not meet demand.

The Dominican Republic also imports over 230,000 tons of wheat a year. Nearly all is from the United States. Even with a severe shortage of foreign currency, wheat imports are increasing faster than the population growth rate. Future import demand is expected to increase, but to some extent will be contingent on the availability of concessional credit because of the lack of foreign exchange. Under a P.L.-480 agreement, signed in August 1986, $7.1 million of U.S. wheat is expected to be imported by the Dominican Republic between September 1986 and January 1987. Wheat consumption is expected to continue increasing in the future, particularly if the government maintains its program of subsidized retail prices to Dominican consumers.

There has been a substantial decline in Dominican output of rice, a staple of the diet. In 1985, rice consumption is expected to increase by 4 percent to 326,000 tons and is expected to reach 335,000 tons in 1986. Domestic production cannot meet this demand and imports are expected to be over 100,000 tons in 1986 and 150,000 tons in 1987. The United States will continue to be the major rice supplier to this market, especially since lower prices have strengthened the competitive position of the United States.—*Lloyd S. Harbert, U.S. Agricultural Attache, Santo Domingo.*

Egypt

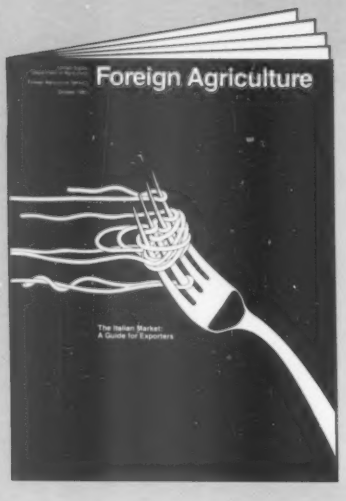
Sales Opportunities For Poultry Parts

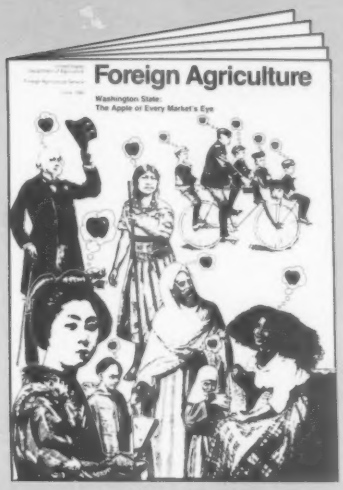
Poultry production has been the most successful aspect of livestock production in Egypt in recent years. With strong government encouragement, Egyptian farmers modernized and greatly increased broiler production by both private and public sector operations.

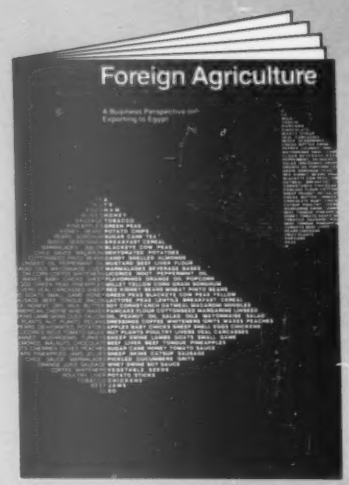
However, with feed shortages and other production problems, the need for imports continues. The financial situation of the Egyptian government slowed public sector imports of frozen chicken in 1985 except for small amounts from Eastern Europe. The private sector filled the gap, importing more than ever, despite import limitations. Early in 1986, new import decrees somewhat eased the difficulties, but the private sector still faces import restrictions.

The most important factor affecting U.S. trade in the Egyptian poultry market has been the Export Enhancement Program (EEP). In 1985, the United States was almost excluded from the Egyptian poultry market. However, a shortfall in Brazilian supplies and four EEP initiatives totaling 43,000 tons made the United States the largest supplier of poultry to Egypt in the first 6 months of 1986. These initiatives have been very successful in helping U.S. poultry compete with European Community (EC) exports.

Without the Export Enhancement Program, there appears to be little long-term potential for U.S. sales of whole broilers to Egypt unless Brazil and the EC change their export policies. However, there is considerable opportunity for poultry parts. Imported poultry parts now are marketed in only the poorer areas. They are sold defrosted and are not well presented. Given the overall lack of poultry in the market, with better packaging poultry parts have an excellent opportunity to be introduced into the higher income areas where the potential demand is much higher.—*James R. Coyle, U.S. Agricultural Attache, Cairo.*







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